

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2052-01
Bill No.: HB 872
Subject: Firearms and Fireworks; Licenses - Miscellaneous; Law Enforcement Officers and Agencies
Type: Original
Date: April 22, 2013

Bill Summary: This proposal removes the renewal requirements for concealed carry endorsements making them valid for life if not suspended or revoked.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Up to \$47,252)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Up to \$47,252)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	(Less than \$2,484,083)	(Less than \$2,980,900)	(Less than \$2,980,900)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state the following sections of the bill would have fiscal impact:

Section 302.181.7: - the changes to this subsection removes the requirement to issue the expiration date of the nondriver license with a concealed carry endorsement to three years from the concealed carry certificate issue date. This will require the Department to:

- Modify the design of the nondriver or driver license to remove CCW endorsement expiration date posting;
- Modify the MEDL CI system to change the expiration date edits for a nondriver with CCW endorsement to no longer tie to the issue date of the certificate; and
- Modify website information related to CCW endorsements.

Section 571.101.1: - the changes propose that a concealed carry endorsement be valid for life unless it is suspended or revoked. This will require the Department to:

- Modify programs to stop all concealed carry endorsement renewal notices; and
- Make programming changes to support the change in expiration.

Section 571.101.7: - the changes propose to remove reference of the validity of the nondriver license being three years from issue date of certificate.

- Modify the design of the nondriver or driver license to remove CCW endorsement expiration date posting;
- Make programming changes to support the change in expiration; and
- Modify website information related to CCW endorsements.

Section 571.104.3: - proposes to remove provisions requiring the sheriff to notify the Department of Revenue if a concealed carry certificate holder failed to renew the certificate within six-months.

- This change requires the Department to modify the concealed carry endorsement action entry screens to remove the option to invalidate concealed carry endorsement when notified by the sheriff of failure to renew.

ASSUMPTION (continued)

DOR assumes an Administrative Impact to the following divisions/bureaus:

Driver License Bureau FY 14 - programming of	\$11,520
Personnel Services Bureau FY 14 - programming of	\$ 1,240
OA-ITSD - programming of	<u>\$34,492</u>
Total administration costs estimated for FY 2014	\$47,252

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal. Oversight will assume administrative cost to provide for the changes in this proposal to the DOR could be up to their estimate of \$47,252. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

DOR also assumes there could also be a Revenue Impact from the proposal:

There is a potential loss of general revenue collections due to the decrease in applicants for new, duplicate or renewal documents for a Concealed Carry Weapon (CCW) endorsement.

178,854 - Total concealed carry endorsement holders on file as of 3/21/2013.

178,854/3 years = 57,829 estimated annual applicants for CCW endorsement renewal.

For purposes of this fiscal estimate, an estimated 97 % (57,829) of CCW holders have added it to a nondriver license (NDL); therefore approximately 3% (898) have it on a driver license.

Nondriver License with CCW:

57,829	Estimated annual NDL applicants renewing CCW.
x \$3	Fee for new or renewal nondriver license with CCW.
\$173,487	Estimated annual loss of General Revenue due to estimated reduction in NDL transactions from elimination of CCW renewal requirement.

\$173,487/12 = 14,457 x 10 months = \$144,570 estimated loss in FY 14.

\$173,487 estimated loss in FY 15 and 16.

DOR states this is a loss of revenue to the General Revenue Fund.

RS:LR:OD

ASSUMPTION (continued)

Driver License with CCW:

898 Estimated annual driver license applicants renewing CCW endorsement
x \$ 7.50 Estimated duplicate operator license applied to renew CCW endorsement.
\$6,675 Estimated annual loss from reduction in driver license CCW endorsements.

$\$6,675/12 = \$556 \times 10 = \$5,560$ estimated loss of funds from driver license with CCW applications in FY 14.

$\$5,560 \times 75\% = \$4,170$ Loss of Funds FY 14 to Hwy Fund
 $\$5,560 \times 15\% = \834 Loss of Funds FY 14 to Cities
 $\$5,560 \times 10\% = \556 Loss of Funds FY 14 to Counties

FY 15 and FY 16

$\$6,675 \times 75\% = \$5,006$ Loss to highways.
 $\$6,675 \times 15\% = \$1,001$ Loss to cities.
 $\$6,675 \times 10\% = \668 Loss to counties.

License Office Revenue

29,809 Estimated annual CCW endorsement renewals
x \$2.50 Processing fee for a nondriver with CCW or duplicate driver license with CCW
 $\$74,523/12 = \$6,210 \times 10 = \$62,100$ estimated loss in FY 14 of license office processing fees due to the elimination of the CCW endorsement.

FY 15 & FY 16

$\$74,523$ estimated annual loss of license office processing fees.

DOR states they incur costs of \$2.2261 per license issued. Therefore, DOR would realize a net loss of \$0.7739 (\$3 fee - \$2.2261 cost of issuance) per license not issued.

ASSUMPTION (continued)

Oversight assumes almost all non-drivers licenses issued with a CCW endorsement (3 years) would continue to renew their DOR-issued non-drivers' license. However, instead of every 3 years, they would get it renewed every 6 years. The cost for a 6 year license is \$6 (instead of \$3 for a 3 year). Therefore, Oversight assumes DOR would only realize a revenue impact from this proposal regarding:

1. Timing difference: when a current non-drivers license expires, Oversight assumes CCW permit holders would opt for the 6 year renewal instead of the 3 year. This would increase DOR's revenue in the short term (\$6 now instead of \$3 now plus \$3 in another three years) and result in a reduction in income in years 4 - 6. Oversight will assume the net impact of non-drivers license revenue in years 1 - 6 will not be impacted by this proposal and will not reflect an impact in the fiscal note; and
2. Oversight assumes the cost of issuance for DOR would be the same for a 6 year license as it is for a 3 year license (\$2.2261). Therefore, DOR would realize a savings of \$2.2261 per license that they would not have to produce and mail in renewal year 3. Oversight assumes this savings would be realized by DOR outside the scope of the fiscal note.

Officials from the **Department of Public Safety - Missouri Highway Patrol** and the **Office of the State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Boone County Sheriff's Department** assume they would incur a substantial loss of revenue. The numbers of peoples obtaining concealed carry permits have increased significantly over recent years. Coinciding with that is an increase in renewed permits each year. For the past four years, renewals generated the following amount of revenue in Boone County: \$4,300 in 2009, \$14,250 in 2010, \$26,350 in 2011, and \$32,600 in 2012.

Officials from the following jurisdictions did not respond to our request for fiscal impact: Buchanan County, Clark County, Platte County, and St. Louis Metropolitan Police Department.

DOR stated that there are currently 178,854 concealed carry endorsements in Missouri. Since under current statutes, endorsements must be renewed every three years for a nonrefundable fee not to exceed \$50, **Oversight** will assume a loss of this revenue to county sheriffs. Oversight will reflect a loss of annual renewal revenue to the county sheriffs of up to \$2,980,900 (178,854 / 3 years x up to \$50). Oversight will also reflect a potential savings to county sheriffs for not incurring the administrative expense of renewing the permits. Oversight assumes the \$50 renewal fee more than covered the costs incurred by local sheriffs.

RS:LR:OD

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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GENERAL REVENUE

<u>Costs - Department of Revenue</u>			
Programming expenses	(Up to \$47,252)	\$0	\$0

ESTIMATED NET EFFECT OF THE GENERAL REVENUE FUND	<u>(Up to \$47,542)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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LOCAL POLITICAL SUBDIVISIONS

<u>Savings - County Sheriffs</u>			
Administrative expense Removal of CCW renewals	Less than \$2,484,083	Less than \$2,980,900	Less than \$2,980,900

<u>Loss - County Sheriffs Revolving Fund</u>			
Removal of CCW renewal late fee of \$10 per month §571.104.3	(Unknown)	(Unknown)	(Unknown)

<u>Loss - County Sheriffs Revolving Fund</u>			
Removal of CCW renewals and the \$50 renewal fee.	(Up to \$2,484,083)	(Up to \$2,980,900)	(Up to \$2,980,900)

ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Less than \$2,484,083)</u>	<u>(Less than \$2,980,900)</u>	<u>(Less than \$2,980,900)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill removes the renewal requirement for a concealed carry endorsement and specifies that the endorsement will be valid for life unless it is suspended or revoked. Currently, an endorsement is valid for a period of three years from the date of issuance or renewal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Revenue
Office of the State Courts Administrator
Boone County Sheriff Department

Not Responding:

Buchanan County Sheriff Department
Clark County Sheriff Department
Platte County Sheriff Department
St. Louis Metropolitan Police Department



Ross Strobe
Acting Director
April 22, 2013